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SUBJECT: IRAQ: GUIDANCE ON PRESIDENT'S POLICY ADDRESS

REF: STATE 1686

SUMMARY

¶1. Department requests Ambassadors reinforce the President's January 10 announcement on Iraq policy with the highest levels in the host governments on Thursday January 11.

OBJECTIVES

¶2. Department instructs posts to pursue the following objectives:

--Drawing on the background in para. 3, brief host governments on the President's new Iraq strategy (text of speech accessible at www.whitehouse.gov).

--Where appropriate thank host country for its contributions to Iraq and encourage further engagement to assist Iraq in stabilizing the country, strengthening the economy, bolstering moderates, and achieving national reconciliation.

BACKGROUND

¶3. The President addressed the nation on the evening of January 10th and announced a new strategy in Iraq, which he called "The New Way Forward."

Strategic context:

Much is at stake in Iraq. We cannot let Iraq become a base for global terrorism, and we must preserve its independence and territorial integrity. The change in our strategy reflects the changed situation in Iraq. After the February bombing of the Golden Mosque in Samarra, al Qaeda finally succeeded in provoking sectarian violence to a level where it has now replaced the Sunni insurgency as the main source of instability in Iraq. But the fundamental distinction is not between Sunni and Shia. It is between those who use violence to advance an extremist agenda, and those moderates who pursue their interests peacefully, politically, and under the rule of law. Under our new strategy, America will stand firmly with moderates while opposing extremists who resort to violence.

Recognizing these new realities, we have engaged in long and substantive conversations with Prime Minister Maliki and other Iraqi leaders. The President has told the Iraqi

leadership we will support their good decisions. But he has also made clear that America's patience is limited. In the end, Iraqis are responsible for the success of Iraq. We can support Iraq, but Iraqis must lead.

Elements of the new strategy

- 1) The Government of Iraq in the lead.
- 2) We will support the government of Iraq's plan to stabilize the country, bolster the economy, and achieve national reconciliation;
- 3) We will decentralize our civilian presence and assistance to the Iraqi people;
- 4) We will channel our support to moderates; and
- 5) We will engage in reinvigorated regional diplomacy.

-- Three key assumptions of our new strategy:

- 1) While political progress, economic gains, and security are intertwined, political and economic progress are unlikely absent a basic level of security.
- 2) Success will be dependent on Iraqi resolve and action, especially to make good on the Prime Minister Maliki's pledge not to tolerate any act of violence from any community or group.
- 3) We will adapt our strategy as circumstances on the ground warrant.

Security

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(Note: The size of a brigade is approximately 4,000 troops)

-- Iraqis will contribute three additional army brigades to Baghdad, for a total of 18 brigades, police and army combined. We will increase our own forces to support Iraqi operations, with five additional brigades committed to Baghdad. Our joint goals will be to improve security in Baghdad and restore the conditions necessary for economic activity to resume.

-- We will increase U.S. forces available to support Iraqi operations in al-Anbar province to step up pressure on Al Qaida in Iraq.

Political and Economic

-- A main goal of our non-security support to Iraq must now be to bolster moderates, to strengthen their hand as they struggle to hold extremists at bay while building a new Iraq.

-- As part of our efforts to decentralize assistance, we will nearly double the number of Provincial Reconstruction Teams in Iraq. We currently have seven U.S.-led and three-Coalition led PRTs. Our intent is to expand to at least 18 PRTs, many of which will be physically co-located with U.S. military units throughout the country.

-- PRTs will bolster moderates by building and strengthening relationships with local Iraqi leaders who are committed to building a prosperous, peaceful, and democratic Iraq. We will support these Iraqis through targeted assistance to help them meet local needs.

-- We are requesting from our Congress additional resources to enable our PRTs to more flexibly respond to local needs. We also intend to expand our micro-credit programs administered through USAID that have already made a significant contribution to Iraq's development.

-- We will continue to support Iraq's efforts to achieve national reconciliation which include: controlling sectarian violence, passing a law to share fairly Iraq's oil wealth, and taking steps to strengthen democratic institutions and economic development.

International Engagement

? International engagement is a key part of the new way forward. On the economic side, we will work to conclude the International Compact with Iraq, an initiative that has already been favorably received by its partners in the international community. The Compact lays out an aggressive agenda for economic reforms that will make Iraq economically self-sufficient within five years. A central aim of the Compact, under Iraq's medium term fiscal framework, is to unlock tens of billions of dollars of Iraqi resources that Iraq can use to solve its own problems.

? Over the last six months we have supported significant progress in crafting an International Compact with Iraq--an agreement between Iraq and the international community on a set of economic reforms and political and security goals. Iraq is working with the UN, the World Bank, regional institutions, its Gulf neighbors and other countries on a set of written commitments to take action on these issues.

? We hope there will be a high-level signing event in the coming weeks to finalize the Compact and underscore the international community's support for Iraq's commitment to transition to self-reliance within five years.

-- International engagement is a key part of the new way forward. Through the International Compact with Iraq, the Gulf Cooperation Council (GCC) + 2 (Egypt and Jordan), and our Special Envoy for Countering the PKK, our regional engagement involves all of Iraq's neighbors and other states and international organizations with a stake in Iraq's future.

-- Iraq has asked to take the lead in raising concerns with Syria and Iran about their destabilizing behavior.

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-- Iran is already very aware of U.S. concerns with Iran's paramilitary interventions inside Iraq. We will continue to work with Iraq to limit and counter the Iranian threat.

-- Over the last six months we have supported significant progress by the GOI in crafting an International Compact with Iraq--an agreement between Iraq and the international community on a set of political, security, and economic targets. Iraq is working with the UN, the World Bank, the EU and more than forty countries and has developed a set of written commitments to take action on political, security, and economic targets. We hope there will be a high-level signing event in the coming weeks to finalize the Compact and underscore the international community's support for Iraq's commitment to transition to self-reliance within five years.

Conclusion

-- We are prepared to assist the Government of Iraq on all fronts: increased (decentralized) civilian presence in the provinces, increased financial resources for targeted programs, and increased troop levels--all to create the conditions that will allow Iraqis to take charge as rapidly as possible.

-- Ultimately, our efforts will only be effective to the extent that the Iraqis commit the troops and resources

required, make the critical political decisions necessary to promote a national reconciliation, and tackle the economic reforms needed to spur development and investment.

-- We greatly appreciate the contributions made by members of the Coalition and NATO, participants in the International Compact with Iraq, and other countries that are contributing positively to Iraq's stability, democracy, independence and prosperity.

-- We applaud the efforts of the international community on Iraq to date, and we will continue to work together to advance common goals to help Iraq's future.

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